

July 22, 2013

TO: School District Administrators

FROM: Ron Lankford, Deputy Commissioner, Financial and Administrative Services
Roger Dorson, Coordinator, School Financial and Administrative Services

RE: July Financial Information

July Payments

Proposition C

The payment was based on the 2011-12 weighted average daily attendance (WADA) used in the June Proposition C payment. The August Proposition C payment may use the 2012-13 WADA.

Classroom Trust Fund

The payment was calculated using the 2012-13 average daily attendance data (ADA) if the ADA was greater than zero; otherwise, the 2011-12 ADA was used. Adjustments will be made in future months to reflect districts' 2012-13 data submissions.

Transportation – The payment was based on the June 2013 Transportation payment data and the FY 2013 Transportation allocation. The August payment will also use the June 2013 Transportation payment data.

Professional Development (1%) Money

Section 160.530.1, RSMo, requires districts to spend one percent (1%) of the Basic Formula monies (based on Line 17B of the district's June basic formula calculation) for professional development committee expenditures. A minimum of seventy-five percent (75%) of one percent (1%) of the current year's Basic Formula current apportionment must be spent in the year received for purposes determined by the Professional Development Committee and identified in the professional development plan in relation to a school improvement plan. This is completely separate from professional development that may be required by other programs such as title programs and expenditures should be recorded to Function Code 2214. Any portion of the other twenty-five percent (25%) of the one percent (1%) not expended during the year must be shown as a part of the restricted fund balance on June 30.

2012-13 Audit Confirmation Report

The 2012-13 Revenue Audit Confirmation Report provides a summary of all the payments made to the district during the 2012-13 year and is available at the web site listed below. The totals on the report should correspond to the district's records for each type of revenue received from DESE. Amounts received at times other than the regularly scheduled monthly payments (off-line payments) are not included on the audit confirmation. If an Annual Secretary of the Board Report (ASBR) revenue edit is generated and the difference is due to an "off-line" payment, describe the payment and the amount in the Remarks section of the ASBR. A Remark may also be necessary if an edit is generated because the district refunded monies to the state.

To print a copy of the Audit Confirmation Report, go to public applications on the DESE web applications website located at <https://k12apps.dese.mo.gov/webLogin/login.aspx> and follow the steps listed:

1. Select "Public Applications" on the login page
2. Select "School Finance Menu" on the page titled user applications
3. You will be directed to a District Select Page
4. Select the district for the audit confirmation you wish to retrieve and hit the select button
5. Select "Reports" on the next page
6. You will be directed to School Finance – Reports page

7. Make sure the year that is showing is the “2012-2013” year and the month is “June”
8. Select the Audit Confirmation link under the section titled Annual Financial Reports
9. Report will open in a new window

If the report does not open make sure you do not have a pop-up blocker turned on (tell the pop-up blocker to allow pop-ups on this site). Also, make sure you are using Microsoft Internet Explorer.

Tax Rate Hearing Notice

Effective August 28, 2007, a requirement was added to Section 67.110, RSMo, which requires each school district to include information regarding additional revenue to be received from new construction and reassessment separately and to show a percent of additional new revenue from reassessment in the tax rate hearing notice.

Setting 2013-14 Tax Levies

The district should have received the 2013 State Auditor’s Office forms for computing the 2013 tax rate ceiling for operations and the debt service maximum levy. These forms should be completed as soon as possible and forwarded through the appropriate channels. Establishing the tax rate ceiling is fundamental in determining the actual adjusted tax levy and the placement of the levy by fund. A tax rate calculator is available on the State Auditor’s web page at www.auditor.mo.gov.

A District Tax Reduction Worksheet (more commonly referred to as the Prop C Rollback Worksheet) is available on the web at <http://www.dese.mo.gov/divadm/finance/tools/>. For those districts completing the Prop C Rollback Worksheet, data for Line 1b (if applicable) may be found on Proposition C Compliance letters sent in May. Only districts that did not have a full waiver of Prop C in 2012-13 received a letter. A listing of districts that received Prop C letters can be found on the School Finance website by clicking on Data and Reports, clicking on Prop C and then clicking on Compliance Letters Sent. The data for Line 2a of the Prop C Rollback Worksheet and the data for Line 14 of the State Auditor’s Office tax rate ceiling form can be found on the School Finance website by clicking on Data and Reports and then clicking on Estimated State Assessed Revenues used in the Tax Rate and Prop C Rollback Calculations. Districts who received voter approval for a full waiver of the Proposition C rollback do not need to complete the Prop C Rollback Worksheet.

Estimate of Required Local Taxes Form

The **Estimate of Required Local Taxes** form is available in an Excel file version for districts to enter the appropriate information and print to send to the county(ies) in which the district is located. This Excel file is available at <http://dese.mo.gov/divadm/finance/tools/EstimateTaxes.xls> for use in filing the district’s 2013 tax levies by fund with your county(ies). One form is to be sent to each county clerk in which the school district has assessed valuation. In addition to the summary information filed on the form, the unadjusted and adjusted levies by fund are reported.

The unadjusted levy for operations is defined as the tax rate ceiling for operations minus any voluntary rollback for operations. The tax rate for operations may be placed in the Incidental, Teachers and/or Capital Projects Funds at the discretion of the district. The unadjusted levy for the Debt Service Fund is defined as the State Auditor’s calculated tax rate for debt service minus any voluntary rollback (the actual rate levied). The unadjusted and adjusted tax rates for the Debt Service Fund and the Capital Projects Fund are always the same because there is no rollback for Proposition C allowed in these funds.

The adjusted levy for operations is defined as the unadjusted levy for school purposes minus the Proposition C rollback in the Incidental and/or Teachers Fund, as appropriate, plus the Capital Projects Fund levy, if applicable. The total adjusted tax levy equals the adjusted levy for operations plus the adjusted levy for the Debt Service Fund. A district that does not have a Proposition C rollback (i.e., a district with a voter approved full waiver) will set the unadjusted and adjusted levies the same for each fund. Please pay particular attention to the asterisk footnotes on the form.

The information reported to the county(ies) on the **Estimate of Required Local Taxes** should be the same as that reported by the district on Screen 6 of the 2013-14 August Core Data Collection Cycle. If adjustments are made to the levies during the year, please ensure that the appropriate corrections are made with the county, State Auditor’s Office and DESE on Screen 6 of Core Data. Direct questions regarding the completion of the **Estimate of Required Local Taxes** Excel file form to the School Finance Section at (573) 751-0357.

2012-13 Annual Secretary of the Board Report

The 2012-2013 Annual Secretary of the Board Report (ASBR) program is available by logging into the DESE Web Applications at <https://k12apps.dese.mo.gov/webLogin/login.aspx>.

A few reminders for working in the new ASBR system:

- A complete list of changes for the 2012-2013 ASBR can be located on the School Finance website at <http://dese.mo.gov/divadm/finance/ASBR/ASBRindex.html>.
- To navigate to different sections of the ASBR use the blue hyperlinks on the left hand navigational menu.
- To obtain detailed information regarding the navigation of the ASBR, access to the ASBR, printing options, the file transfer process, etc., please select the ASBR Help Document on the left hand navigational menu.
- Edits can be viewed by selecting the Edits link located on the top portion of the header row. The user will have to select the edits button and then select the run edits button to view the edits.
- All edit errors will be located at the top of the edit listing. If there are no edit errors the submit button will be enabled. If the district has edit errors generating on the edits page the submit button will not appear until all errors have been resolved.
- To submit the ASBR select edits, select run edits, if there are no edit errors generating and the user has submit authority the submit button will appear on the top of the edits page.
- Save often when entering data in the ASBR system.
- Check the message board in the new system for updates related to the program.

If the user doesn't have access to the ASBR on the DESE web applications menu please contact the district's user manager or complete the login request form at <http://dese.mo.gov/dsm/websystemuserid.htm>.

The 2012-13 Annual Secretary of the Board Report (ASBR) must be submitted via the Web Applications by the due date of midnight, August 15, 2013, or the September Basic Formula payment will be held until October. Continued delay in submitting the ASBR will result in continued holding of the payment.

June 2013 Cycle Attendance

The June 2013 Cycle Attendance Report is available on the web for district review. To access this report log on to the DESE Web Applications website located at <https://k12apps.dese.mo.gov/webapps/logon.asp> and then select Data Collection. Once in the Data Collection system, change the year to 2012-13 and select the Reports option on the left hand side of the page. Select Summary Reports, and then select the desired report (for Attendance Hours Report, select the 2012-2013 year, click on Attendance Hours, and then click Get Report to view all buildings). The Attendance Hours Report shows the 2012-13 district attendance hours by grade by building and the average daily attendance for the building and the district. School Finance will contact districts when data quality concerns are noted.

September Membership Comparison

September Membership reports are now available on the web. Log on to the DESE Web Applications Page located at <https://k12apps.dese.mo.gov/webapps/logon.asp> and then select Data Collection. Once in the Data Collection system, change the year to 2012-13 and select the Reports option on the left hand side of the page. Select Summary Reports. Two September Membership reports are listed for review. One report, the September Membership Comparison Report (SAR070R), compares September membership as reported by the district for the year selected and the prior year. The other report, September Membership Report (SAR080R), displays only the data for the year selected.

If there is a shift in membership numbers between the 2012 year and the 2011 year, the data indicators may have been reported incorrectly. The September 2012 membership data by county will be reported to each county to be used in various county payments to school districts during the 2013-14 year. The accuracy of the payments is dependent on the accuracy of the membership data. A January Membership report is also available.

Please review the membership data. If reporting errors are found, update the September 2012 membership via MOSIS. Remember, if a change is made to September membership, a corresponding change to enrollment may be necessary.

Transfers – 7%, 5%, and Transportation

The final \$162,326 or 7% x SAT x WADA transfer, the Designated Levy or 5% x SAT x WADA transfer and transportation transfer are available on the School Finance website at <http://dese.mo.gov/divadm/finance/transfers/>. These are the final calculations for the 2012-2013 year.

2013-2014 ACH Dates

The 2013-2014 Automated Clearinghouse (ACH) transfer dates are provided by the DESE Accounting Section for DESE monthly payments to districts and local education agencies are:

July 22, 2013	January 21, 2014
August 21, 2013	February 21, 2014
September 20, 2013	March 21, 2014
October 21, 2013	April 21, 2014
November 21, 2013	May 21, 2014
December 20, 2013	June 20, 2014

School Governance

Residency Issues

It is approaching that time of year when students will be registering for school and the district will be dealing with residency issues. It would be advisable, especially for districts with new administrators, to review the district's residency policy and enrollment forms. Additional information on residency, such as an enrollment checklist and residency waiver, can be found on the school governance website at: <http://dese.mo.gov/divadm/govern/index.html>. If you have questions regarding residency call School Financial and Administrative Services at (573) 751-0357.

Playground Safety

The National Program for Playground Safety provides information to help insure safe playgrounds for schools across the nation. The NPPS website can be found as a link on the school governance web page under school safety or go directly to <http://www.uni.edu/playground>.

MSPMA Annual State Conference

The annual state conference of the Missouri School Plant Managers Association will be held on September 29 - October 1, 2013, at the Lodge of the Four Seasons at the Lake of the Ozarks. A MSPMA membership form and registration form for the conference have been sent in a separate mailing. Please provide the conference information to the person in your district in charge of facilities. Additional information about the conference can be obtained by calling Mr. Tony Sloan, Executive Director, at (573) 443-0789. Registration and conference information is also available at <http://www.mspma.com/>.

School Transportation

Annual School Bus Driver Training Required

Missouri law requires that each school bus driver receive at least 8 hours of annual training. This includes regular route drivers, sub drivers, activity and field trip drivers, and school district staff members such as coaches and teachers who drive school buses. Training records should include who attended the training, when the training was provided, and the contents of the training.

“Ride-Along” Programs For Bus Drivers’ and Staff’s Children

DESE periodically reviews concerns relating to so-called “ride-along” programs that allow school bus drivers and other staff to bring their young children on school buses while driving their transportation routes, driving activity and field trips, or acting as chaperons and sponsors.

School buses are licensed pursuant to Sections 301.010 and 302.010, RSMo, solely to transport pupils to and from school or elsewhere for educational purposes. They are not licensed to carry the preschool-age children of the drivers and other staff or any children not enrolled in a school district program.

The current status of Missouri's governmental tort immunity law makes transportation services an area of critical concern for school districts. Specifically, Section 537.600.1(1), RSMo, provides that governmental tort immunity is expressly waived for:

Injuries directly resulting from the negligent acts or omissions by public employees arising out of the operation of motor vehicles or motorized vehicles within the course of their employment.

This means that public school employees may NOT have tort immunity protection when they are operating motor vehicles. Added to this is the possible distraction of drivers having one or more of their own young children to care for while

supervising students on the bus. The Missouri State Highway Patrol has expressed similar safety concerns about driver distraction. DESE recommends that any ride-along program be reviewed with the district's liability insurance carrier.

Deputy Commissioner's Comments

Revenue Trends YTD

	<u>YTD as of June FY12</u>	<u>YTD as of June FY13</u>	<u>Revenue Change</u>	<u>% Change</u>
Individual Income Taxes	\$5,840,000,000	\$6,370,000,000	\$530,000,000	9.08%
Sales & Use Taxes	\$1,870,000,000	\$1,900,000,000	\$30,000,000	1.60%
Corporate Inc. & Franchise	\$502,900,000	\$525,700,000	\$22,800,000	4.53%
Other Collections	\$398,400,000	\$470,900,000	\$72,500,000	18.20%
Increase in Revenue YTD			\$655,300,000	7.61 %
			<u>Refunds Change</u>	
Refunds (YTD)	\$1,280,000,000	\$1,180,000,000	(\$100,000,000)	-7.81%
Net Revenue Status YTD	\$6,611,500,000	\$7,294,300,000	\$682,800,000	10.33%
(A decrease in refunds enhances Net Revenue. An increase in refunds diminishes Net Revenue.)				

Gaming Revenue YTD

	<u>Prior Year</u>	<u>Current Year</u>	<u>% Change</u>
Total Gaming Proceeds to Education	\$339,470,636	\$329,760,289	-2.86%
Gaming Revenue Appropriated		\$319,696,995	
Percentage of Budget Year Reflected YTD		100.00%	
Percentage of Appropriation Realized YTD		100.00%	

1. **General Revenue Trend:** Final revenue for FY13 did end in a positive position as has been reported by the media. The rate of growth in sales tax revenue did, however, taper off during the second half of the year resulting in less Proposition C revenue to distribute to districts. If this trend remains it will be difficult to achieve the estimate that resulting in a \$32.5 million increase in the appropriation level for FY14. The state will only be able to distribute funds that are actually collected through Proposition C sales tax.
2. **Gaming Revenues:** Gaming revenue, as was predicted, did come in ahead of the appropriated amount for FY13. As you can see, however, actual revenue decreased for the year. We will begin FY14 with a balance, but the question that looms is how close eventual receipts will come to the \$65.8 million increase in the Classroom Trust Fund. As is the case with Proposition C the state will only distribute funds that are actually collected into the Classroom Trust Fund.
3. **Formula Distribution:** Moving into FY14, the Department plans to continue calculation payments through the foundation formula based upon the percentage multiplier used in the June payment. Plans are to monitor ADA closely and hopefully begin to make monthly adjustment in December that will be based upon more accurate information that should be available by then. Our current projections lead us to believe that the multiplier should not change drastically going forward.

It is hard to believe another fiscal year has begun. By the time you read this the month of July will well on its way to August when most schools will initiate the 2013-14 School Year. As is always the case no one is aware of the many unknowns that will come with it. As we work together throughout the year we will do our very best to keep you apprised of the relevant information that you must have as you progress from month to month. As always, please feel free to contact us with your

questions. We will do our very best to provide a timely response and make every effort to help you through situations that arise.

Best wishes to you and your districts for a very successful 2013-14 School Year.

A handwritten signature in dark ink, appearing to read "Ronald Lankford", written in a cursive style.

Ronald Lankford